Dart Industries Inc.

Annual Report 1974

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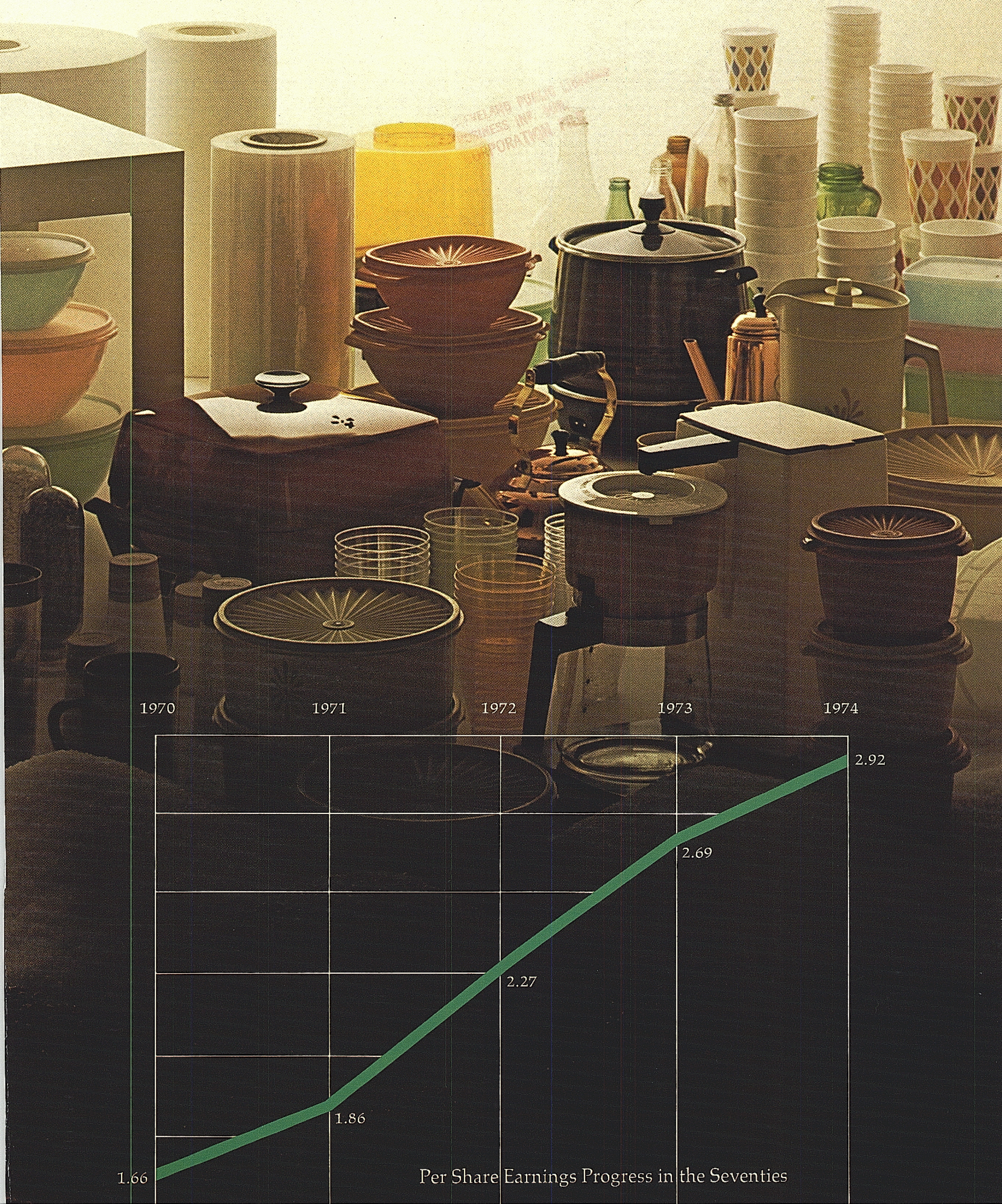

Per Share Earnings Progress in the Seventies

Dart Industries Inc.

Annual Report 1974

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Annual Meeting

The Annual Meeting of Stockholders of Dart Industries Inc. will be held at 9 a.m. on Tuesday, April 22, 1975, at Corporate Headquarters, 8480 Beverly Boulevard, Los Angeles, California.

Company Description

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Dart Industries Inc. is engaged in the manufacturing and marketing of consumer products, chemicals, plastics and packaging. The Company's products are marketed directly to consumers in the home or through retail outlets, or indirectly through intermediate manufacturers and converters whose products are used by consumers.

The Company's philosophy encompasses a pursuit of growth in earnings, improved return on Stockholders' equity while maintaining a stable and strong financial base, and a desire to operate at all locations with responsibility toward equal employment opportunity, consumerism, and the environment.

Dart Industries' primary lines of business are:

- Direct Selling
- Housewares, Giftware and Home Furnishings
- Pharmaceuticals
- Chemicals and Plastics
- Glass Containers.

Among Dart Industries' principal consumer products are TUPPERWARE plastic containers for preparing, storing and serving food, VANDA BEAUTY COUNSELOR cosmetics and toiletries, WEST BEND cookware and electric housewares, SYROCO home decorative accessories and casual furniture, MIRACLE MAID cookware, COPPERCRAFT GUILD giftware and REXALL pharmaceuticals.

Principal chemicals, plastics and packaging products include REXENE plastic raw materials used in the manufacture of packaging and a variety of consumer products, WILSON ART decorative laminates used in the interior surfacing of homes and commercial buildings, and THATCHER glass containers for the packaging of foods and beverages. Other products include chemical specialties, pollution control equipment and services, plastic cups and containers and plastic specialties.

The Company also operates two resort communities where it markets homesites, condominiums and recreational housing.

Of Dart Industries' total operations, approximately 24 percent of sales and 35 percent of earnings come from activities outside the United States. These activities represent primarily TUPPERWARE plastic containers, VANDA BEAUTY COUNSELOR cosmetics, plastic packaging and chemical specialties.

Corporate headquarters for the Company are at 8480 Beverly Boulevard, Los Angeles, California.

Sales and Pre-tax Earnings by Lines of Business

(Dollar amounts in millions)	1974		1973		1972		1971		1970	
	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS
Consumer Products										
Direct Selling	**$ 355**	**$ 92.9**	$ 276	$ 70.0	$ 223	$ 54.3	$ 187	$ 43.6	$ 144	$ 28.7
Housewares, Giftware and Home Furnishings	**197**	**21.3**	163	18.3	146	20.4	128	17.0	118	15.3
Pharmaceuticals	**75**	**3.3**	69	2.1	102	2.2	120	1.6	126	3.3
Chemicals, Plastics and Packaging										
Chemicals and Plastics	**415**	**81.4**	333	45.2	273	33.4	231	27.1	198	25.2
Glass Containers	**163**	**18.8**	142	13.4	125	17.0	120	23.1	112	21.5
Other										
Resort Development	**9**	**(34.9)**	10	(7.1)	23	.3	30	(1.2)	8	(1.5)
Totals	**$1,214**	**$182.8**	$ 993	$141.9	$ 892	$127.6	$ 816	$111.2	$ 706	$ 92.5

The earnings presented above are before deduction of certain corporate expenses, interest expense, except for resort development obligations, and income taxes; and before addition of certain other income. International operations are included. Direct selling includes Tupperware sales as follows: 1974-$312; 1973-$232; 1972-$187; 1971-$157; 1970-$118.

The Year in Brief

SALES AND EARNINGS BY QUARTER

(Amounts in millions except per share data)

1974

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
Sales	**$ 278**	**$ 310**	**$ 314**	**$ 312**	**$ 1,214**
Earnings before taxes	**34**	**40**	**38**	**27**(2)	**139**
Net earnings	**16.7**	**19.8**	**17.5**	**13.3**	**67.3**
Earnings per share					
Primary/fully diluted	**.72/.70**	**.87/.82**	**.76/.73**	**.57/.56**(2)	**2.92/2.81**
Stock price range—high/low(1)					
Common	**23/17**	**20⅝/17**	**20⅝/11¼**	**16⅝/11⅛**	**23/11⅛**
Preferred	**28¾/25**	**26¼/23¼**	**25½/19**	**23/19⅛**	**28¾/19**
Cash dividends paid					
Common	**.10**	**.10**	**.10**	**.15**	**.45**
Preferred		**1.00**		**1.00**	**2.00**

1973

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
Sales	$ 231	$ 247	$ 243	$ 272	$ 993
Earnings before taxes	27	30	26	37	120
Net earnings	13.4	15.6	13.4	19.9	62.3
Earnings per share(3)					
Primary/fully diluted	.57/.56	.67/.65	.57/.55	.88/.83	2.69/2.59
Stock price range—high/low(1)					
Common	49⅜/33¾	37/32¼	35½/24⅛	28¾/14¼	49⅜/14¼
Preferred	50⅜/39	41½/36	39½/28½	34⅝/22⅝	50⅜/22⅝
Cash dividends paid					
Common	.075	.075	.075	.10	.32(3)
Preferred		1.00		1.00	2.00

1. Dart Industries' Common and Preferred Stocks are traded principally on the New York Stock Exchange under the symbol "D" and "DPr," respectively. Prices noted are based on NYSE closing prices.
2. Earnings for the fourth quarter of 1974 include a loss on sale of resort development project of $21,356,000, before tax benefit. Primary earnings per share were reduced 48 cents as a result of the loss from this sale.
3. Adjusted for 3% Common Stock dividend issued in May 1974.

FINANCIAL POSITION AT YEAR END

	1974	1973
Current assets	**$555,638,000**	$416,926,000
Current liabilities	**219,634,000**	174,874,000
Working capital	**336,004,000**	242,052,000
Long term debt	**193,166,000**	197,878,000
Stockholders' equity	**618,061,000**	564,830,000
Shares of Common Stock outstanding	**21,031,300**	20,947,900(1)
Shares of Preferred Stock outstanding	**2,956,300**	2,956,400

1. Adjusted for 3% Common Stock dividend issued in May 1974.

To the Stockholders

1974—ANOTHER RECORD YEAR

Your Company recorded another record year in earnings per share, earnings and sales.

Earnings per share of Common Stock were $2.92 compared with $2.69 in 1973. Net earnings were $67.3 million compared with $62.3 million in the prior year. Sales in 1974 reached $1.214 billion in comparison with $993 million in 1973.

The earnings in 1974 reflect a net charge against income equal to 48 cents per share of Common Stock from the sale of the Silver Lakes resort development and 52 cents from sales of marketable securities and revaluations of the Company's investment portfolio. These losses were previously reported to Stockholders and are described in more detail later in this letter.

Strong performance across a broad range of the Company's operations is reflected in the Lines of Business table on page 1. Direct selling earnings increased 33 percent over 1973 while sales increased nearly 29 percent to a record $355 million. Chemicals and plastics operations experienced an 80 percent increase in earnings on sales 25 percent over the prior year. Glass containers recorded a 40 percent increase in earnings over the depressed levels of 1973 on a sales increase of 15 percent. Results from housewares, giftware and home furnishings operations were up 16 percent on a 21 percent sales improvement. Pharmaceutical operations reported a 57 percent improvement in earnings on a nine percent sales increase.

For the Company as a whole, after taxes, the return was 5½ cents for each dollar of sales. After-tax return on Stockholders' equity at year-end was 10.9 percent compared with 11 percent in 1973. The negative effect on return on Stockholders' equity from the sale of Silver Lakes and the sales and revaluations of stocks in the portfolio was offset by the strong performance of the Company's major operations.

For the ten-year period ending in 1974, earnings per share have grown at a compound annual rate of 8.8 percent.

International Operations

Operations outside the United States during 1974 continued the improving trend of recent years in both earnings and sales. Net earnings from these operations were $23.7 million compared with $17.8 million in 1973. This was a 33 percent improvement over 1973.

International sales grew 38 percent to $291 million compared with $211 million in 1973. They were 24 percent of the total sales of the operating groups, as shown in the Lines of Business table.

The changing value of the dollar during 1974 in relation to other countries' currencies did not materially affect results.

Cash Dividends Increased

Cash dividends on the Common Stock were paid at the rate of 10 cents per share during each of the first three quarters of 1974, then were increased to 15 cents per share in the fourth quarter. Cash dividends on Common Stock thus totaled 45 cents in 1974 compared with 32½ cents in the prior year for a 38 percent increase.

In addition, the Board of Directors declared a three percent Common Stock dividend, which was paid in May 1974. In January 1975, the Board also authorized a three percent Common Stock dividend payable May 28, 1975, to Common Stockholders of record April 10, 1975.

Capital Expenditures

During 1974, $72 million was invested in new plants and equipment and replacements. Of this total, approximately 39 percent went to chemical and plastics divisions, 24 percent to the Tupperware division, and 20 percent to glass container operations.

Capital expenditures for 1975 are budgeted at $110 million. Approximately 39 percent of this total is earmarked for new or expanded facilities for Tupperware operations, and 38 percent will be allocated to chemical and plastics expansion and improvements.

Approximately $4 million of total capital expenditures budgeted for 1975 will be used for pollution control equipment, primarily that associated with the new polypropylene manufacturing facility to be built in the Bayport area near Houston, Texas (a joint venture with El Paso Products Company).

Depreciation and amortization totaled $44 million in 1974 compared with $39 million in 1973. Investment tax credits of $1.9 million were applied to reduce provision for United States income taxes, benefiting earnings per share by nine cents. In 1973, the investment tax credits were $2.2 million, equivalent to 10 cents per share.

Financial Condition

Compared with 1973, total assets were up $78 million to $1.114 billion; Stockholders' equity was up $53 million to $618 million. Cash and marketable securities at year-end totaled $111 million.

Sales from the Company's equity portfolio, primarily utility company equities, resulted in before-tax losses of $13 million. Also during the year and at year-end, the Company revalued certain stocks in its portfolio to the market price at the time of revaluation, which resulted in a $3 million pre-tax loss. The sales and revaluations resulted in an after-tax loss of 52 cents per share for 1974. Interest and dividend income received from the portfolio in 1974 and 1973 was $4.3 million and $3.9 million, respectively.

At year-end 1974, the investment portfolio consisted principally of utility company preferred stocks with $24.6 million book value, while market price was $21.3 million. As of February 28, 1975, the net loss in the remaining portfolio, with a book value of $19.5 million, was $.7 million.

Ratio of debt to equity was .31 to 1 at year-end, down from .35 to 1 as of December 31, 1973. Long-term debt was $193 million at year-end, of which $80 million is exchangeable by holders of debentures issued in 1972 into 3M Company common stock owned by the Company.

Current ratio, the relationship of current assets to current liabilities, was 2.5 to 1 at year-end. The increase from the 2.4 to 1 ratio of 1973 resulted principally from the large increase in inventories and receivables over the prior year. Increased sales generated higher receivables and required larger inventories, which also reflected increased raw material and labor costs.

The present high rate of inflation makes unprecedented demands on cash. To assure that the Company's growth will not be inhibited by a lack of adequate financing, we are presently holding discussions with several insurance companies for additional borrowings which would add $25 million to cash and long-term debt by year-end 1975, followed by an additional $25 million by year-end 1976.

Resort Development

On December 30, 1974, the Company sold the Silver Lakes resort community to McCulloch Oil Corp. for $4.5 million. At that time, book value of the 2,800-acre project was $26 million. Losses from resort development operations totaled $34.9 million pre-tax in 1974, including the loss of $21.4 million from the sale of Silver Lakes.

The Company will realize a cash recovery of $15.8 million from the sale, including tax benefits of $11.3 million. In addition, the Company now can concentrate its sales effort at its other two major resort developments, Bear Valley Springs and Tahoe Donner, which are 40 percent sold out.

The major portion of cash expenditures for construction at our resort developments is behind us. Construction outlays in 1975 are budgeted at $8.4 million compared with $22.5 million spent in 1974. There are no plans for new resort developments.

The absence of non-recurring losses from both the operations and the sale of the Silver Lakes resort should result in a substantial reduction in the resort development loss in 1975.

Management Organization

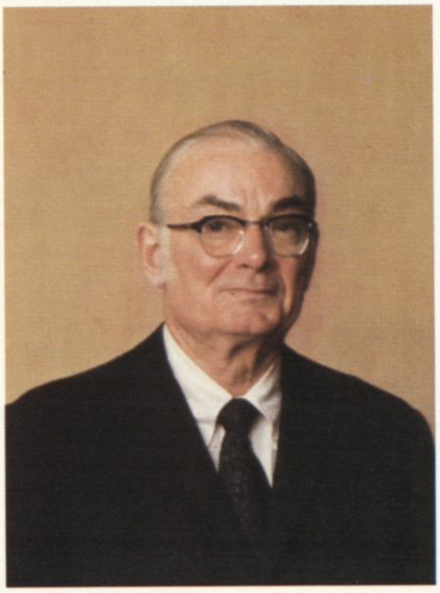
The management of your Company was strengthened with the election on December 27, 1974, by the Board of Directors of Gary A. Childress, 40, as president. (Background on Mr. Childress is found below.)

Mr. Childress joins Justin Dart and Donald H. Brewer in overseeing the activities of your Company.

In December the Board also elected Mr. Brewer, 62, and Mr. Childress members of the Executive Committee of the Board of Directors. Their elections bring to seven the number of Executive Committee members. Mr. Brewer serves as vice chairman of the Board of Directors, a position to which he was elected in 1973, and continues as executive vice president, Finance and Administration, responsible for all Corporate Staff activities. He has been with Dart Industries since 1959, when he was elected a vice president of the Company and president of the Plastics Group, and has been a member of the Board of Directors since 1961.

Ralph M. Knight, 59, was elected executive vice president in September 1974, and Joseph J. Keenan, 50, was elected executive vice president in January 1975. Mr. Knight is president of the Chemical Group, a position he has held since formation of the Group in 1960. He became a vice president of the Company in 1960, and a member of the Board of Directors in 1962. He was elected senior vice president in 1973. Mr. Keenan is president of West Bend and president of the Consumer Products Group, positions he has held since 1972. He had been a vice president of Dart Industries since January 1974.

Vincent R. Cucina, 38, was elected vice president, Financial Analysis and Review, in July 1974. Mr. Cucina joined the Company in 1970 as assistant director, Financial Analysis and Review. He was appointed director of that department in 1971, and in 1973 was appointed Corporate Group vice president, Financial Analysis and Review.



Donald H. Brewer, Vice Chairman of the Board of Directors; Executive Vice President, Finance and Administration

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Gary A. Childress
President, Dart Industries Inc.

Gary A. Childress, 40, was elected president, a member of the Board of Directors, and a member of the Executive Committee of the Board on December 27, 1974.

Mr. Childress started with the Company's Corporate Staff as assistant to the treasurer on March 1, 1963. Four years later, he moved into operations as vice president of administration for the Seamless division and was promoted to president of that division in January 1969.

In September 1971, he joined the Plastics Group as executive vice president, and in December of that year became president and chief executive officer of the Group.

Mr. Childress was elected a vice president of the Company and assistant to the president in January 1974. Last September he was elected executive vice president.

A native of Los Angeles, California, Mr. Childress graduated from Stanford University in 1956 with a B.A. degree in economics. He later earned an M.B.A. degree in business and finance from the Graduate School of Business, University of Southern California.

Following graduation from Stanford, and prior to joining Dart Industries, Mr. Childress spent five years with the Prudential Insurance Company of America as a corporate lending officer, plus two years in investment banking with Stern Frank Meyer and Fox, Inc.

Melville M. Wilson

We were saddened by the death of Melville M. Wilson in January 1975. Mr. Wilson had been an honorary director of the Company since 1968.

He joined the Company in 1965 when Wilson Products, the company he founded in 1950 at Neshanic, New Jersey, was acquired by Dart Industries. He was chairman and chief executive officer of Wilson Products until his retirement in 1968.

Not only was he an outstanding businessman, but Mr. Wilson also was a strong civic leader as evidenced by recognition he received both abroad and in his own community. He was a brilliant man who was admired by all.

Outlook for 1975

During the first months of 1975, we are experiencing reduced demand in several areas of our business, principally those chemical and plastics divisions related to housing and automotive markets where customers are continuing to work down excess inventory. All over the world these same factors are present, aggravated by the high price of energy and the dependence on imported oil.

We believe that our substantial participation in direct selling will be an important plus for your Company, both in the United States and abroad. Glass container operations should benefit from the increased cost of competitive packaging materials. Petrochemical feedstocks are still in relatively short supply and should contribute to the stabilization of earnings from chemical operations, albeit at lower levels than in 1974. When the projected upturn in both general economic conditions and the improvement in housing starts occur, we expect consumer products and plastic fabrication operations to benefit.

The unprecedented uncertainties and problems in the worldwide economic picture make forecasting more difficult than ever. We believe, however, that the diversity and character of your Company's activities will permit it to perform relatively well.

Our best judgment at this time is that we have a reasonable chance in 1975 to exceed the record 1974 earnings of $2.92 per share.

Justin Dart, Chairman of the Board of Directors and Chief Executive

Gary A. Childress, President

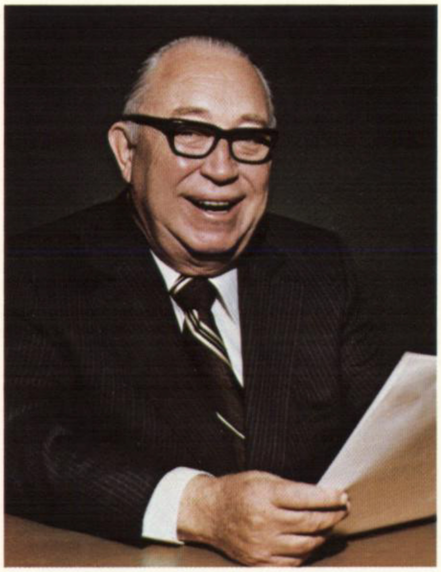
Justin Dart

Gary A. Childress

March 3, 1975

Operations Review

Direct Selling



Hamer F. Wilson, Executive Vice President; Chairman and Chief Executive Officer, Direct Selling Group

The Tupperware division concluded another very successful year in the manufacturing of plastic housewares for food preparation, storage and serving, and marketing of these products directly in the home through the Home Party Plan.

Operations outside the United States, which were initiated in Europe in 1961, now account for more than half of the total sales and profits of the division. TUPPERWARE plastic housewares currently are sold in 30 countries.

NEW TUPPERWARE PLANT

Growth expectations have encouraged the Company to start construction of a fourth manufacturing plant in the United States. Hemingway, South Carolina, has been chosen as the site for the new facility, and production is expected to start in late 1975 or early 1976. Existing Tupperware plants in Woonsocket, Rhode Island, Halls, Tennessee, and Jerome, Idaho, are operating at capacity. The new South Carolina plant will enable the Company to serve still better its distributors in the fast-growing markets in the southern and mid-Atlantic states.

Meanwhile, expansion at many of the 13 manufacturing plants outside the United States continues, including a major addition in Japan which more than doubles that plant's capacity. The new Tupperware manufacturing plant in Brazil is now under construction outside Rio de Janeiro, and sales are expected to begin early in 1976.

Tupperware's success is built on personalized service and maintaining a top-quality product that is responsive to consumer needs.

The regularly scheduled introduction of new products has always played an important part in Tupperware's growth pattern and 1974 marked the beginning of an expanded program aimed at targeting the major product opportunity areas for the division in the next ten years and beyond. This long-range program will be coordinated from international headquarters in Orlando, Florida, and will supplement the existing product development organization and facilities in the United States and abroad.

DISTRIBUTOR PLAN BASIC TO SUCCESS

Tupperware operates on the distributor plan through independent distributors, managers and dealers. This plan has been responsible for a great part of the Company's success and is extremely important during changing times because of its flexibility in meeting situations and its strength and depth of experience, particularly at the distributor level.

For example, despite the situations in Greece, Portugal and northern Ireland during 1974, Tupperware's growth in those countries has been quite dramatic. In Japan, with possibly the highest inflation rate and a troubled economy, sales increased so much in 1974 that Tupperware-Japan is now among the largest of Tupperware operations outside the United States.

VANDA MARKETING REORGANIZED

The reorganization of the marketing program of Vanda Beauty Counselor described in last year's annual report continued during 1974. In all countries in which VANDA BEAUTY COUNSELOR cosmetics and toiletries are sold, operations are now conducted through independent distributors who, as in Tupperware, are responsible for the distribution of products and recruiting and training of sales counselors.

The Vanda Beauty Counselor marketing reorganization, including the shift to independent distributors in Italy, Mexico and Australia, affected sales and accordingly, losses increased in 1974.

Operations in the United States, Mexico, Italy, France and the United Kingdom, where developmental programs have been particularly difficult, now are under the direction of a president or managing director who has had extensive experience in the Tupperware organization.

In all countries, as of February 1975, sales were following the "Vanda Value" plan which has proven so successful in the Vanda-South Africa operations and has contributed to the profitability there each year since 1971. Under this plan counselors are encouraged to promote and sell the full quality line of VANDA BEAUTY COUNSELOR cosmetics and toiletries.

The stage is now set and by the time of the annual meeting in April, the Company will be able to report on the progress which is expected to be attained this year under the new selling plan.

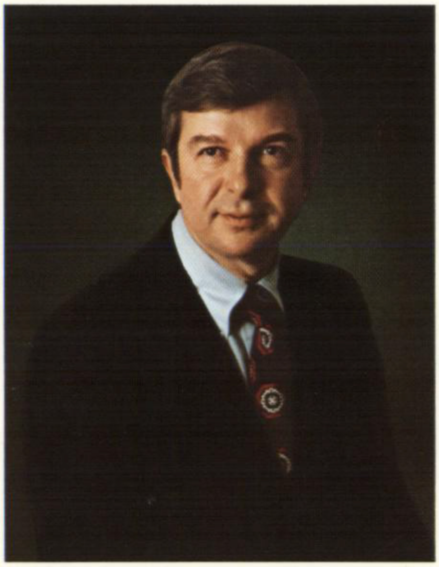
DIRECT SELLING SHOWS STRENGTH

Direct selling, particularly under the distributor plan, has great advantages during times of economic uncertainty and has shown strong performance characteristics during recession periods.

During such periods, many people have a growing need for a second income, which they can satisfy by becoming an independent sales person. Families also become increasingly aware of the economy of purchasing high quality products such as those supplied by Tupperware and Vanda Beauty Counselor. The Direct Selling Group enters 1975 with confidence for continued improvement.

Stacking canister set is one of newest additions to the Tupperware product line of over 100 plastic containers for the storage, preparation and serving of food. Canister set is available in colors of avocado green or harvest gold and features the Decorator Seal to help lock in freshness.

Housewares, Giftware and Home Furnishings



Joseph J. Keenan, Executive Vice President; President and Chief Executive Officer, Consumer Products Group

Sales of housewares, giftware and home furnishings by the Company reached all-time highs during 1974 resulting in record profits. These records were accomplished in the face of government price controls, escalating costs, and shortages of raw materials.

Exceptional performance was recorded in the United States and Canada from sales of WEST BEND housewares and from copper giftware and decorative accessories by Coppercraft Guild. Profit improvement, through manufacturing efficiencies and cost-related price increases, was reported by Babcock-Phillips along with increased sales of hassocks, cushions and furniture. The acceptance of SYROCO's decorative accessories was particularly favorable among direct selling companies in the United States and Canada, while casual furniture showed good growth.

NEW PRODUCTS POPULAR

The main contributing factor to improved sales of WEST BEND products was the popularity of new product introductions, the QUIKDRIP coffee maker, SLO-COOKER multi-purpose electric pot, and TUF-WHITE cookware with the easy-clean porcelain interior finish. Several new models of QUIKDRIP and the very popular SLO-COOKER were introduced at the January 1975 Housewares Show and were well received by buyers.

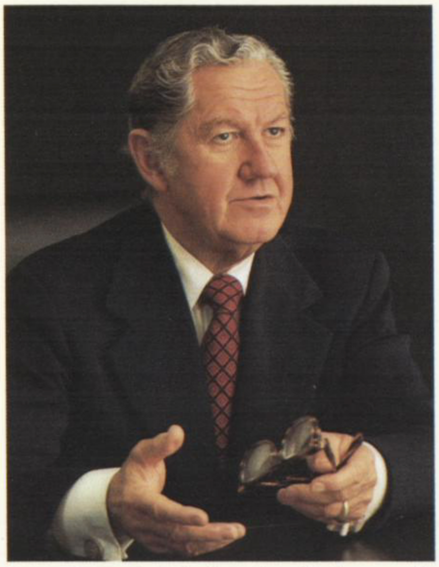
Continued growth also was experienced in the selling of cookware directly in the home, although profitability was affected by higher operating expenses that could not be readily offset by price increases. These products include MIRACLE MAID cookware in the United States and Canada and stainless steel cookware sold under a variety of trade names.

Sales and earnings growth from giftware and decorative items by Coppercraft Guild continued to improve in spite of the high price of copper and other raw materials. The ability to successfully recruit new independent sales people for the direct selling of these products in the home was the major factor in this growth.

Records were achieved in the sales of THERMO-SERV insulated drinking ware and NAPPE-SMITH insulated picnic containers, but results were affected by rapidly increasing prices of plastic raw materials.

The Big Dripper, latest in the popular line of West Bend QuikDrip coffee makers, is being offered in three colors of avocado, harvest and white. Big Dripper brews 10 cups in eight minutes, features a unique double-filtering system and low-wattage warming plate on which the carafe rests.

Pharmaceuticals



Robert T. Beattie, Vice President; Chairman and Chief Executive Officer, Rexall Group

Sales of Rexall products produced an increase in earnings during 1974 compared with 1973. Invested capital was reduced further and return on investment was improved substantially.

Rexall Drug Company (U.S.) produced sales and operating profits well above the prior year as a result of the continued successful application of the "New Era Program." The program, inaugurated in 1973, encourages the merchandising of high-volume products and extends the Rexall franchise to a broader geographic area. Pharmaceuticals, vitamins and toiletries manufactured in the Company's St. Louis laboratories contributed most to the profit improvement. Marketing efforts will continue to be concentrated on REXALL brand products.

Rexall Canada showed improved results. Rexall South Africa's sales were up but profits were down because of government regulation.

Retail operations, now encompassing only nine Company-owned retail stores, earned a satisfactory return on a relatively small investment.

Chemicals

Strong market demand for chemical products, especially plastic resins, supported by an exceptionally fine production, marketing and technical effort, led the way to an outstanding record year far above expectations. Since 1965, sales of chemical products have increased at a better than 23 percent compounded annual rate, and earnings have grown at more than a 32 percent rate. Manufacturing facilities for chemical and related products now are located at 30 sites in the United States and six overseas, and a number of the Company's chemical products are available overseas through licensees. New polypropylene licenses were granted during the year to ATO-Chimie (France), Norpolefin (Saga-Norway), and Shell Development Company (U.S.).

RAW MATERIALS AT RECORD LEVELS

Profitability in plastic resins, film and styrene-butadiene latices reached record highs in 1974. Continued improvements in product mix, increased market values and some increases in production capability were the principal factors in the excellent performance. In spite of shortages of critical raw materials, intensive procurement efforts during the year made it possible to operate production facilities at record levels and to improve the Company's position with regard to future feedstock supplies.

Ralph M. Knight, Executive Vice President; President and Chief Executive Officer, Chemical Group

Under the Company's joint venture with El Paso Products Company*, construction was started on a new polypropylene resin plant in Bayport, Texas, with a capacity of 150,000,000 pounds per year. C. T. Film, also jointly owned with El Paso, is further expanding its new Harrington, Delaware, plant to broaden its ability to participate in the flexible packaging and shrink film markets, and in the disposable film markets.

Expansion of the Company-owned acrylonitrile-butadiene-styrene (ABS) facility at Joliet, Illinois, is also in progress. This expansion will provide improved supply and reduced costs and will position the Company for the return to historical ABS market growth patterns, which is anticipated later in 1975.

*SUBSIDIARY OF EL PASO COMPANY

SPECIALTIES RECORD BEST YEAR

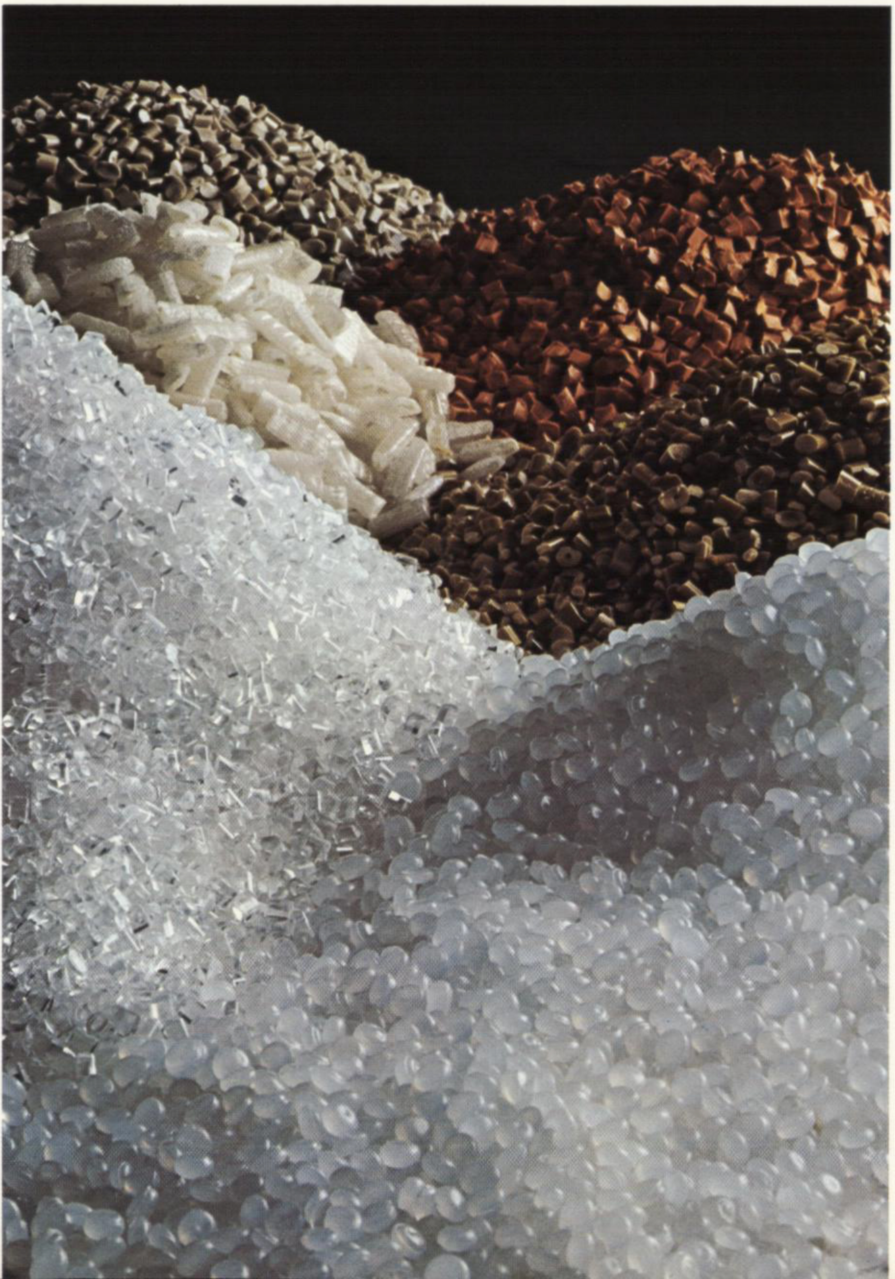
While affected by the business downturn in the fourth quarter, all chemical specialties showed excellent improvement over the prior year, except Fiberfil, which was affected by the early downturn of its principal markets—automobiles, appliances and office equipment. Consolidation of Fiberfil's facilities for production of fiberglass-reinforced thermoplastics into a single plant in Evansville, Indiana, was completed during the year and should result in improved manufacturing efficiencies and reduced costs. Other expansions and modernizations of chemical specialties operations in progress at year-end will position the Company to take advantage of improved business demand when the economy turns.

ENVIRONMENT SECTOR GROWING

The Environment and Services Sector, established in 1973 for the development and marketing of products and technology used in the treatment and control of pollution-related problems, showed good performance for the year. Heil Process Equipment Company, manufacturer of pollution control and chemical process equipment, was acquired and performed well. A new manufacturing facility in Bartow, Florida, was occupied in December and a new plant at Penns Grove, New Jersey, will replace Heil's outdated facility located at Wilmington, Delaware.

Fluid-Ionic Systems was established late in the year to develop, manufacture and market the SEVERSKY HYDRO-PRECIPITROL, a sophisticated wet electrostatic precipitator designed to separate pollutants from air streams produced in a wide range of manufacturing processes. At year-end, orders for large-scale units had been received. An agreement in principle was reached late in 1974 for the acquisition of the assets of Environmental Research Corporation of St. Paul, Minnesota, which designs and markets air and water pollution control systems.

During 1974, Capital Controls achieved a significant advancement with the installation of several of its sophisticated compound loop control chlorination systems used in water purification. Overseas expansion continued with a fourth office being opened in Frankfurt, West Germany.



Plastic resins manufactured by Rexene Polymers are used in a broad range of packaging applications and consumer products. Other Company divisions produce colorants, catalysts, stabilizers and various chemical specialties used in the manufacture of plastic products.

Lancy Laboratories, which develops new technology for waste treatment systems in the metal finishing industry, showed improved performance.

NEW PRODUCTS AND PROCESSES

Chemical research, development and engineering divisions continued to make substantial production capacity improvements in existing processes and significant progress in several areas of new technology. New products under development include higher productivity catalysts, advanced wire and cable grade polypropylenes, flame-retardant and heat-resistant resin formulations, and new additives for the electroplating industry. New processes and systems in various phases of development and preparation for commercialization include synthetic fatty acids designed to reduce dependency on natural fatty acids, copper reclamation systems, removal of sulfur from coal and oil, and continuous ion exchange systems for pollution control applications.

Plastics

Note: Gary A. Childress, president of the Company, continues as chief executive officer of the Plastics Group.

The variety of plastics products manufactured by the Company, the diversity of the markets they serve, and the varied technologies that are represented combined to produce improved results over 1973. These products include plastic tubes, closures, blow-molded bottles, cups and disposable containers of molded plastic, decorative laminates used for interior surfacing in homes and commercial buildings, and specialties such as garden hose, hospital supplies and sporting goods.

Early in 1974, plastic raw material prices began to rise and continued to do so until late in the year. In a few instances, raw material prices increased 300 percent within a period of six months. Along with the problems of higher prices, raw material shortages were encountered. The ability of managers at all operating levels to respond immediately to the shortages was the main factor contributing to success in 1974.

Major improvements were seen in sales of garden hose, plastic cups and food containers, plastic packaging and extruded specialties.

Wilson Art
Wilson Art
Wilson Art
Wilson Art
Wilson Art
7007 VF
Weathered Sierra Plank
VELVET FINISH

Wilson Art decorative laminates are utilized for the interior surfacing of homes, offices and commercial buildings. Among the more popular colors and patterns now available are, from the top, Fire Tarantella, Butcher Block in Butterscotch, Ice Tarantella, Butcher Block Rosewood and Weathered Sierra Plank.

Similar improvements were seen in sales of medical and surgical products.

The market for WILSON ART laminates and related edging materials and counter tops declined as a result of the drop in the home building and commercial construction industry. Coupled with rapidly rising raw material costs, this smaller market caused profit reduction in these operations.

PROJECTS FOR LONG-RANGE GROWTH

Several projects have been implemented that are expected to improve the long-range ability of a number of divisions to serve their markets. A new plant to be located in Ohio will provide better service for the plastic tube and closure requirements of customers in the central United States. Production of hose for hospital, swimming pool and drainage applications—products that are realizing growing sales—has been transferred to a new plant in Rockaway, New Jersey. At the same time, the manufacturing of pen barrels and aerosol tubing continues at Totowa, New Jersey. Capacity for manufacturing plastic foam cups has been expanded at existing plants in Georgia and New Hampshire, and in Canada.

A new warehouse and sales facility completed in Dallas, Texas, during 1974 is making possible improved distribution of WILSON ART decorative laminates. New warehouses in Birmingham, Alabama, and Kansas City, Missouri, are expected to open up additional markets for laminated counter tops and edgings used in residential and commercial applications. Similar benefits are anticipated from a new 25,000-square-foot plant and sales facility opened in Seattle, Washington.

Overseas expansion includes a larger and more modern building under construction in Golborne, England, to provide manufacturing capacity for blow-molded bottles and closures. A manufacturer of blow-molded bottles was acquired in Kerkrade, Holland, during 1974, thus opening new markets there and in neighboring countries for plastic packaging. In Australia, additional space and equipment have been added to permit the expanded manufacturing of blow-molded bottles and the introduction of plastic tubes.

Glass Containers

John T. Pollock, Vice President; President and Chief Executive Officer, Glass Containers Group

The improved results from glass container operations were achieved in spite of the fact that early in the year, Thatcher remained under price controls and thus was not able to recover significant cost increases sustained during 1973 and early 1974. Additionally, the production of soda ash, an ingredient required in the manufacture of glass containers, was curtailed much of the year and Thatcher's allocation did not permit its plants to operate at full capacity.

Costs of fuel, raw materials, corrugated cartons, labor, freight and machinery escalated. Price increases implemented during the year permitted the Company to recover some of these costs.

New three-year labor contracts were signed in March and August with the two unions representing Thatcher employees.

GLASS CONTAINER OUTLOOK GOOD

Raw materials, particularly soda ash, are expected to be in tight but adequate supply during 1975. Slowness in demand due to the national economy is expected to continue through the first quarter of 1975. However, we anticipate vigorous demand for the balance of the year as packagers of foods and beverages reduce their inventories of finished products and consumer buying improves. Costs of glass containers should climb at a slower rate than those of competitive packages due to basically low-cost raw materials, larger and faster production machines and additional automation. These factors are primarily responsible for the shifts being made by packagers away from other packaging materials, and are positive factors for the long-range future of glass containers.

SHATTER GUARD plastic-coated glass containers, which are designed to resist breakage, were introduced in a new, smooth clear-coated version as well as a pre-labeled version during the year. Customer reaction has been excellent.

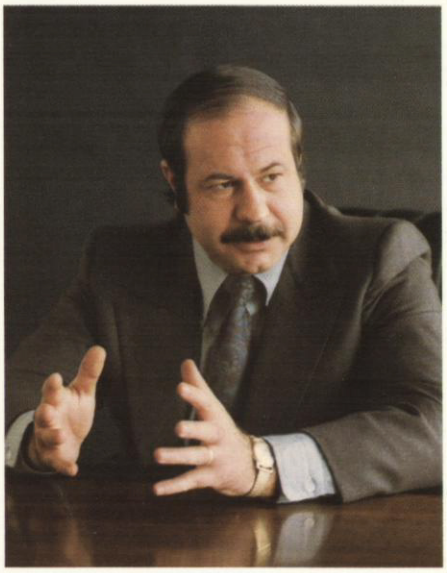
Resort Development

The primary factor adversely impacting 1974 sales of homesites, houses, and condominiums was the economic recession, which caused many potential buyers to delay their plans. In addition, the energy crisis, tight money and high interest rates had adverse effects on sales of both homesites and housing units.

At the same time, there are positive factors relating to the Company's two main projects, Bear Valley Springs and Tahoe Donner. Development work is nearing completion. Build-out of private homes by homesite owners continues at an encouraging rate. Utilization of ski facilities, tennis courts, golf courses, recreation centers and other amenities by owners and their guests increased significantly during 1974. Owner satisfaction with the quality of the two projects was further reflected in the fact that the Property Owners Associations accepted title to several amenities.

SHELTER SALES IMPROVE

The Company was able to implement sales of homes and condominiums at Bear Valley Springs for the first time in 1974 and to increase such shelter sales at Tahoe Donner. This was accomplished primarily by encouraging homesite owners to transfer their existing equity into houses or condominiums which had been built by the Company. This equity transfer program encouraged more property owners to acquire housing so they and their guests could more fully enjoy the amenities and recreational programs while also reducing the Company's investment in shelter inventory.



K. Wayne Smith, President and Chief Executive Officer, Resort Development Group

Although economic conditions affecting the resort development industry are expected to remain unfavorable in 1975, the Company anticipates increasing use of amenities and further build-out of homes by property owners. The Company plans to continue selling its remaining homesites and housing inventory, to complete the transfer of amenities to property owners at Bear Valley Springs and to turn over additional amenities at Tahoe Donner, and to further reduce operating expenses.

Corporate Staff

During 1974, the Corporate Staff continued its primary functions of supporting the operating divisions and the corporation in planning for long-range growth and profitability, and working with divisions toward more effective programs.

Two specific programs implemented during the year included one on public affairs and another on management communications. The first program is designed to improve the exchange of information on proposed legislation that would affect the operations of divisions and the corporation and to make the Company's position known on such legislation. As part of the program, the Company also has inaugurated, on a test basis, an economic education project designed to improve employee understanding of the free enterprise system.

The second program involves periodic visits to Corporate headquarters by operating group and division executives for person-to-person contact and comprehensive briefings on Corporate Staff activities. The program is proving effective in strengthening communications and improving the level of service provided by the Corporate Staff in the areas of accounting, internal auditing, money management, financial analysis and controls, legal matters, labor relations, employee services, management services and communications.

The Corporate Staff also assists the divisions in implementing programs that reflect the Company's philosophy of exercising responsibility in all its operations. This includes the assurance of product quality and integrity, equal employment and promotion opportunities for all employees along with safe and healthful working conditions, preservation of a quality environment through the control and reduction of air, water, waste and noise pollution, and active support of recognized charitable, welfare, educational and civic organizations.

Corporate financial executives, from left, are Vincent R. Cucina, Vice President, Financial Analysis and Review; William R. Palmer, Vice President and Controller; and Thomas M. Mullen, Vice President and Treasurer.

Corporate Staff executives, from left, are Russell K. Bolton, Vice President and General Counsel; Robert G. Fergusson, Group Vice President, Manpower Planning; Norman Wicks, Vice President, Corporate Relations; and Ernest L. Ramme, Group Vice President, Management Services.

Financial Statements

Summary of Accounting Policies

Basis of consolidation The consolidated financial statements include the accounts of Dart and its subsidiaries except for two finance subsidiaries which are accounted for on the equity method. Significant intercompany accounts and transactions are eliminated.

Dart is a party to a joint operating agreement whereby it has an undivided 50% interest in plant and other assets relating to the production and marketing of certain petrochemicals, and is also a 50% owner of a plastics processing corporation with the same other party. The accompanying statements include 50% of the assets, liabilities, income and costs and expenses of these jointly owned activities.

Translation of foreign currencies Foreign subsidiary balance sheet accounts are translated into United States dollar equivalents at yearend exchange rates except for property and related items which are translated at historical rates. Income and expense accounts are translated at rates prevailing during the year except for depreciation and amortization which are translated at historical rates. Net gains on foreign currency translations and revaluations are deferred to absorb possible future fluctuations in currency values and are classified in the balance sheet as "Other accrued expenses." Net translation losses are charged to gains previously deferred or to earnings.

Inventories Inventories are valued at the lower of cost or market. In general, cost as applied to inventory valuation represents purchase or manufacturing cost applied on the first-in, first-out method. Obsolete and damaged merchandise is excluded.

Properties and depreciation Expenditures for additions, improvements, replacements, betterments and major renewals are added to the property, plant and equipment accounts.

Plant assets retired, or otherwise disposed of, are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts. Gains and losses from disposals are included in earnings.

Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

Depreciation of property, plant and equipment is provided chiefly on a straight line basis over the estimated average useful lives of the various assets.

Lives used for calculating depreciation rates for the principal asset classifications are as follows: buildings and improvements — 10 to 50 years; machinery and equipment—3 to 18 years.

Intangibles Intangibles having a limited life are amortized over their estimated useful lives. Certain intangibles acquired prior to October 31, 1970 are considered to have an unlimited life and are not being amortized.

Research and development Expenditures for research and development are charged to earnings as incurred.

Income taxes Declining balance and guideline depreciation and the instalment method of income recognition generally are used in the determination of income for tax purposes where applicable. Provision is made for deferred income taxes and future income tax benefits applicable to timing differences between book and tax income.

Investment tax credits are accounted for on the flow-through basis.

Dart and its domestic subsidiaries file a consolidated federal income tax return. Provision is made for United States income taxes on earnings of foreign subsidiaries except for those which are expected to be invested indefinitely.

Resort development The provisions of the industry accounting guide, "Accounting for Retail Land Sales," issued by the American Institute of Certified Public Accountants are followed for resort lot sales and are applied on a project by project basis. The instalment method will be used until actual collection experience for a project indicates that collectibility of receivable balances is reasonably predictable, after which the accrual method as defined in the guide will be used. Under the instalment method, the gross profit less selling expenses related to the portion of the sales price which is not received in cash is deferred at the time of sale and recognized as cash is collected. In the opinion of management, at December 31, 1974 none of Dart's projects qualifies for the accrual method under the provisions of the guide.

Interest and property taxes relating to land held for improvement are charged to earnings as incurred.

DART INDUSTRIES INC. AND CONSOLIDATED SUBSIDIARIES

Statement of Earnings and Retained Earnings

FOR THE YEARS ENDED DECEMBER 31, 1974 AND 1973	1974	1973
Income:		
Net sales	$1,214,097,000	$ 993,322,000
Other income	17,757,000	15,656,000
	1,231,854,000	1,008,978,000
Costs and Expenses:		
Cost of goods sold and operating expenses	721,111,000	602,945,000
Selling, distribution and administrative expenses	276,822,000	233,525,000
Depreciation and amortization	44,033,000	38,703,000
Interest expense	13,797,000	13,915,000
Loss on sale of resort development project	21,356,000	
Loss on marketable securities	16,145,000	
	1,093,264,000	889,088,000
Earnings Before Income Taxes	138,590,000	119,890,000
Provision for income taxes	71,300,000	57,600,000
Net Earnings	67,290,000	62,290,000
Retained earnings at beginning of year	293,566,000	271,849,000
	360,856,000	334,139,000
Dividends:		
Cash		
Preferred—$2 per share	5,913,000	5,913,000
Common—$.45 and $.32 per share	9,334,000	6,538,000
Common Stock, 3%, 612,600 shares at $24.75 per share paid in May 1974 and 585,900 shares at $48.00 per share paid in March 1973	15,161,000	28,122,000
	30,408,000	40,573,000
Retained Earnings at End of Year	$ 330,448,000	$ 293,566,000
Net Earnings Per Share of Common Stock:		
Primary	$ 2.92	$ 2.69
Fully diluted	$ 2.81	$ 2.59

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

DART INDUSTRIES INC. AND CONSOLIDATED SUBSIDIARIES

Balance Sheet DECEMBER 31, 1974 AND 1973

Assets

	1974	1973
Current assets:		
Cash	$ 38,785,000	$ 37,182,000
Marketable securities, at lower of cost or market	55,007,000	20,405,000
Total cash and marketable securities	93,792,000	57,587,000
Accounts and notes receivable	156,128,000	146,096,000
Inventories	277,620,000	193,093,000
Prepaid expenses	11,198,000	8,150,000
Deferred future income tax benefits	16,900,000	12,000,000
Total current assets	555,638,000	416,926,000
Resort development assets	84,614,000	109,284,000
Properties:		
Properties owned	353,444,000	325,162,000
Properties leased from others	15,998,000	17,157,000
Total properties	369,442,000	342,319,000
Investments and other assets:		
Marketable securities (quoted market value: 1974—$13,536,000; 1973—$76,199,000)	16,806,000	80,954,000
3M Company common stock held in escrow for exchange by holders of 4¼% and 4¾% debentures (quoted market value: 1974—$39,068,000; 1973—$66,066,000)	35,162,000	35,162,000
Equity in unconsolidated finance subsidiaries	3,726,000	3,653,000
Other assets, receivables and investments	34,747,000	32,342,000
Intangibles relating to businesses purchased, less amortization	13,430,000	14,697,000
Total investments and other assets	103,871,000	166,808,000
Total assets	$1,113,565,000	$1,035,337,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Liabilities and Stockholders' Equity

	1974	1973
Current liabilities:		
Accounts payable	$ 53,166,000	$ 48,243,000
Accrued compensation	30,186,000	23,272,000
Other accrued expenses	83,375,000	69,571,000
Short term loans, foreign	10,830,000	5,428,000
Current instalments of discounted rental obligations	1,378,000	1,387,000
Current instalments of long term debt	6,699,000	7,373,000
Income taxes	34,000,000	19,600,000
Total current liabilities	219,634,000	174,874,000
Resort development liabilities	14,342,000	25,507,000
Discounted rental obligations, less current instalments	16,462,000	17,848,000
Long term debt, less current instalments	193,166,000	197,878,000
Deferred income taxes	51,900,000	54,400,000
Stockholders' equity:		
Preferred Stock	14,944,000	14,944,000
Common Stock	26,290,000	25,423,000
Capital in excess of par value	247,926,000	232,444,000
Retained earnings	330,448,000	293,566,000
	619,608,000	566,377,000
Less cost of reacquired shares of capital stock—Preferred—32,500; Common—742	1,547,000	1,547,000
Total stockholders' equity	618,061,000	564,830,000
Total liabilities and stockholders' equity	$1,113,565,000	$1,035,337,000

Statement of Capital Stock

FOR THE YEARS ENDED DECEMBER 31, 1974 AND 1973	1974		1973	
	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT
Preferred, $5.00 Par Value				
Authorized, 3,000,000 shares				
Series A $2 Cumulative Convertible (aggregate liquidating preference in 1974—$149,440,000)				
At Beginning of Year	2,988,900	$14,944,000	2,989,600	$14,948,000
Upon conversion into Common Stock	(100)		(700)	(4,000)
At End of Year, Including Reacquired Shares	2,988,800	$14,944,000	2,988,900	$14,944,000
Common, $1.25 Par Value				
Authorized, 35,000,000 shares				
At Beginning of Year	20,338,500	$25,423,000	19,644,000	$24,555,000
For stock dividend	612,600	766,000	585,900	732,000
Upon exercise of options			104,400	131,000
For business combinations	80,900	101,000	3,500	4,000
Upon conversion of Preferred Stock	100		700	1,000
At End of Year, Including Reacquired Shares	21,032,100	$26,290,000	20,338,500	$25,423,000

Statement of Capital in Excess of Par Value

FOR THE YEARS ENDED DECEMBER 31, 1974 AND 1973	1974	1973
At Beginning of Year	$232,444,000	$202,170,000
Excess of fair value over par value of Common Stock issued as stock dividend	14,395,000	27,390,000
Excess of option prices over par value of Common Stock issued upon exercise of options		2,718,000
Tax benefit arising from exercise of non-qualified options and from disqualifying dispositions of Common Stock by optionees		170,000
Excess of purchase price over par value of Common Stock issued for business combinations	1,087,000	(4,000)
At End of Year	$247,926,000	$232,444,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

DART INDUSTRIES INC. AND CONSOLIDATED SUBSIDIARIES

Statement of Changes in Financial Position

FOR THE YEARS ENDED DECEMBER 31, 1974 AND 1973	1974	1973
Working Capital Provided by:		
Net earnings	$ 67,290,000	$ 62,290,000
Items not affecting working capital—		
Depreciation and amortization	44,033,000	38,703,000
Deferred income taxes	(2,500,000)	2,900,000
Loss on sale of resort development project	21,356,000	
Loss on marketable securities	16,145,000	
Provided by operations	146,324,000	103,893,000
Increase in long term debt	1,392,000	696,000
Sale or reclassification of marketable securities	48,003,000	510,000
Sale of properties and other investments	2,644,000	3,482,000
Sale of resort development project	4,500,000	
Exercise of stock options		2,834,000
Other	784,000	307,000
Total Working Capital Provided	203,647,000	111,722,000
Working Capital Used for:		
Properties and other assets purchased	74,534,000	68,815,000
Equity in unconsolidated finance subsidiaries	73,000	77,000
Cash dividends paid—		
Preferred Stock	5,913,000	5,913,000
Common Stock	9,334,000	6,538,000
Investment in resort development	12,351,000	23,888,000
Investment in marketable securities		37,260,000
Decrease in long term debt	6,104,000	7,743,000
Discounted rental obligations	1,386,000	1,479,000
Total Working Capital Used	109,695,000	151,713,000
Working Capital Increase (Decrease)	$ 93,952,000	$(39,991,000)

Changes in Components of Working Capital:		
Cash and marketable securities	$ 36,205,000	$(55,063,000)
Accounts and notes receivable	10,032,000	13,787,000
Inventories	84,527,000	17,349,000
Other current assets	7,948,000	1,976,000
Accounts payable	(4,923,000)	(1,451,000)
Accrued expenses	(20,718,000)	(11,002,000)
Short term loans, foreign	(5,402,000)	(1,652,000)
Income taxes	(14,400,000)	(3,600,000)
Other current liabilities	683,000	(335,000)
Working Capital Increase (Decrease)	$ 93,952,000	$(39,991,000)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Notes to Financial Statements

Details of Balance Sheet	1974	1973
ACCOUNTS AND NOTES RECEIVABLE:		
Trade	**$155,648,000**	$145,001,000
Other	**11,331,000**	9,311,000
	166,979,000	154,312,000
Less allowance for doubtful accounts	**10,851,000**	8,216,000
	$156,128,000	$146,096,000
INVENTORIES:		
Raw materials and supplies	**$105,555,000**	$ 68,354,000
Work in process	**25,010,000**	17,717,000
Finished goods	**147,055,000**	107,022,000
	$277,620,000	$193,093,000
PROPERTIES OWNED, AT COST (except resort development assets):		
Land	**$ 12,761,000**	$ 9,014,000
Buildings and improvements	**164,246,000**	150,299,000
Machinery and equipment	**404,539,000**	364,546,000
Construction in progress	**18,745,000**	15,927,000
	600,291,000	539,786,000
Less accumulated depreciation	**246,847,000**	214,624,000
	$353,444,000	$325,162,000
LONG TERM DEBT, LESS CURRENT INSTALMENTS:		
7½% Sinking Fund Debentures, due April 1, 1996, $60,000,000 less unamortized discount of $237,000 and $254,000	**$ 59,763,000**	$ 59,746,000
4¼% Subordinated Debentures, due July 15, 1997 (exchangeable for 10.75 shares of 3M Company common stock per $1,000 debenture)	**60,000,000**	60,000,000
4¾% Subordinated Debentures, due August 15, 1987 (exchangeable for 10.1 shares of 3M Company common stock per $1,000 debenture)	**20,000,000**	20,000,000
Unsecured notes, 4.042% to 5.75%, due in annual instalments to 1987	**48,545,000**	53,539,000
Other	**4,858,000**	4,593,000
	$193,166,000	$197,878,000

Business combinations In 1974 Dart acquired certain businesses for cash or for newly issued shares of Dart Common Stock and accounted for such acquisitions as purchases. The operating results of these businesses have been included in Dart's financial statements from the dates of acquisition and were not significant. During 1973, 3,600 additional shares of Dart Common Stock were issued under the terms of a 1970 acquisition agreement; a maximum of 7,500 more shares are reserved for future issuance.

International operations A summary of accounts relating to foreign subsidiaries at December 31 (excluding intercompany accounts) follows:

	1974	1973
ASSETS:		
Current assets	$144,637,000	$102,948,000
Properties	67,709,000	52,544,000
Investments and other assets	4,188,000	4,064,000
Total assets	216,534,000	159,556,000
LIABILITIES:		
Current liabilities	73,039,000	47,058,000
Long term debt and deferred income taxes	7,525,000	7,892,000
Total liabilities	80,564,000	54,950,000
Net assets of foreign subsidiaries in consolidation	$135,970,000	$104,606,000

Net sales from operations outside the United States were $291,242,000 in 1974 and $210,965,000 in 1973. Net exchange gains were $2,260,000 in 1974 and $2,100,000 in 1973 and deferred gains amounted to $5,560,000 and $3,300,000 at December 31, 1974 and 1973, respectively. Undistributed earnings of foreign subsidiaries included in consolidation were $11,637,000 for 1974 and $12,352,000 for 1973 and aggregated $78,000,000 at December 31, 1974. Dart has not considered it necessary to provide for deferred United States income taxes on this total because it has been or is expected to be reinvested outside the United States for an indefinite period of time. Dividends of $12,053,000 in 1974 and $5,481,000 in 1973 were received from foreign subsidiaries.

Cash Yearend cash balances included $13,840,000 and $13,123,000 at December 31, 1974 and 1973, respectively, which were invested in short term certificates of deposit or interest bearing time deposit accounts.

Marketable securities During 1974 Dart began disposing of its investment in industrial and utility common and preferred stocks. In addition, because of the significant deterioration in the market value of these investments, Dart reduced its carrying value of all but two securities to current market value by charges to earnings during the year.

The charge to earnings of $16,145,000 results from the following:

LOSSES INCURRED ON SALES:	
Cost of securities	$52,677,000
Proceeds from sales	39,571,000
	13,106,000
LOSSES EXPECTED TO BE INCURRED:	
Cost of securities	10,797,000
Market value at December 31, 1974	7,758,000
	3,039,000
Loss on marketable securities	$16,145,000

Two issues of preferred stock of the same company have been classified in the balance sheet as non-current assets and have not been written down to their market value because management believes that the quality of these issues exceeds that of the securities written down and that the decline in their market value is not indicative of a permanent impairment of their value.

Resort development operations A summary of accounts relating to resort development operations at December 31 (excluding intercompany accounts) follows:

	1974	1973
ASSETS:		
Cash, prepaid expenses, etc.	$ 814,000	$ 518,000
Notes receivable, principally 8¼%	34,481,000	43,580,000
Deferred profit on land sales	(9,226,000)	(11,534,000)
Land and improvements	51,267,000	65,709,000
Properties and other assets	7,278,000	11,011,000
Total assets	$ 84,614,000	$109,284,000
LIABILITIES:		
Accounts payable, accrued costs and expenses, etc.	$ 14,342,000	$ 25,507,000
Total liabilities	$ 14,342,000	$ 25,507,000

Principal collections on notes receivable are due in the five years subsequent to December 31, 1974 as follows: 1975 — $3,795,000; 1976 — $3,874,000; 1977 — $4,024,000; 1978 — $4,159,000; 1979 — $4,368,000.

Total estimated costs to complete improvements relating to active projects, based on management estimates and engineering studies, amount to $10,470,000, and anticipated expenditures relating to such improvements are estimated to be as follows: 1975—$6,491,000; 1976—$3,979,000.

Notes to Financial Statements (continued)

"Cost of goods sold and operating expenses" includes deferred profit on resort lot sales of $1,375,000 for 1974 and $2,241,000 for 1973. Profit, previously deferred, taken into income aggregated $1,628,000 for 1974 and $1,733,000 for 1973.

On December 30, 1974 Dart sold its Silver Lakes resort project to a major resort development company. Dart's investment in the project of $25,856,000 included $1,900,000 for development work which Dart is obligated to complete. The sales price of $4,500,000 was evidenced by a secured note receivable which Dart immediately sold to a bank at face value without recourse.

Properties leased from others Dart has recorded as assets the cost of certain properties leased from others. The related discounted lease obligations are set forth separately in the accompanying balance sheet. Dart has no legal responsibility for payments under the terms of any of these leases except for rent, insurance, taxes and maintenance.

These lease obligations are payable approximately $2,300,000 annually until 1977, and in decreasing amounts thereafter to 1993. Commitments under other leases are shown in a following Note.

Unconsolidated finance subsidiaries Dart Industries Credit Corp. (DICC) is a wholly-owned subsidiary formed to finance certain receivables generated by operations of Dart. DICC has an Agreement with six banks for a $65 million five year line of credit with certain renewal options. There was no debt outstanding under the Agreement during either 1974 or 1973.

A summary of DICC balance sheets at December 31 follows:

	1974	1973
ASSETS:		
Cash	**$ 8,000**	$ 4,000
Notes receivable	**2,698,000**	3,374,000
Receivable from Dart	**1,101,000**	291,000
Other assets	**36,000**	41,000
Total assets	**$3,843,000**	$3,710,000
LIABILITIES AND STOCKHOLDER'S EQUITY:		
Liabilities	**$ 25,000**	$ 24,000
Stockholder's equity	**3,818,000**	3,686,000
Total liabilities and stockholder's equity	**$3,843,000**	$3,710,000

Net earnings of DICC were $132,000 in 1974 and $111,000 in 1973.

In 1972 Dart formed a wholly-owned subsidiary, Dart Industries Mortgage Company (DIMC), to finance a portion of the cost of home building by property owners in Dart resort development projects. At December 31, 1974 no significant financing had been required of DIMC.

Income taxes Income taxes charged to earnings consist of the following:

	1974	1973
PAYABLE CURRENTLY:		
Federal	**$46,000,000**	$31,952,000
Foreign	**25,900,000**	15,886,000
State	**6,800,000**	5,862,000
	78,700,000	53,700,000
TAX EFFECT OF TIMING DIFFERENCES:		
Federal	**(6,300,000)**	1,639,000
Foreign	**(800,000)**	2,023,000
State	**(300,000)**	238,000
	(7,400,000)	3,900,000
Provision for income taxes	**$71,300,000**	$57,600,000

The tax effect of timing differences, resulting from variances between accounting for financial statement purposes and accounting for tax purposes, is as follows:

	1974	1973
Depreciation	**$ 2,125,000**	$6,500,000
Instalment sales	**(1,875,000)**	(1,755,000)
Accrued taxes and other expenses not deductible until paid	**(6,100,000)**	(2,970,000)
Adjustments resulting from audits of prior years' tax returns	**(2,000,000)**	
Provision for discontinuance, etc. of certain operations	**1,700,000**	3,020,000
Other	**(1,250,000)**	(895,000)
	$ (7,400,000)	$3,900,000

Income taxes charged to earnings differ from an amount computed using the United States federal income tax rate of 48%. A reconciliation between an amount computed using the 48% rate and the provision for income taxes is as follows:

	1974	1973
Amount computed using the 48% rate	**$66,500,000**	$57,500,000
Increases (reductions) in taxes resulting from:		
State income taxes, net of federal income tax benefit	**3,380,000**	3,170,000
Tax rate difference applied to capital losses	**2,830,000**	
Investment tax credit	**(1,900,000)**	(2,200,000)
Other	**490,000**	(870,000)
Provision for income taxes	**$71,300,000**	$57,600,000

Short term loans and borrowing arrangements Foreign short term loans are unsecured and aggregated a maximum of $12,398,000 and $5,428,000 at any monthend in 1974 and 1973, respectively. Weighted average borrowings and interest rates during the year, based on amounts outstanding at each monthend, were $7,745,000 and 9.9% in 1974 and $3,300,000 and 9.2% in 1973. At December 31, 1974 and 1973 the weighted average interest rates were 10.8% and 8.4%, respectively.

Unused lines of short term credit, primarily with United States banks, totaled $44,000,000 at December 31, 1974 and provide for unsecured ninety day loans generally at the banks' prime rates. Compensating balance requirements under these and another credit line established for an unconsolidated finance subsidiary are not material.

Long term debt Total principal payments due on long term debt in the five years subsequent to December 31, 1974 are as follows: 1975—$6,699,000; 1976—$6,239,000; 1977—$5,890,000; 1978—$5,428,000; 1979—$5,064,000.

The 7½% Debentures are due April 1, 1996. Through the operation of a mandatory sinking fund, Dart is obligated to redeem $4,000,000 aggregate principal amount of these Debentures on April 1 in each of the years 1982 through 1995. Dart has the option to redeem through the sinking fund an additional $4,000,000 aggregate principal amount in each such year. All sinking fund redemptions, mandatory or optional, are to be made at 100% of the principal amount of the debentures redeemed. Debentures acquired or redeemed otherwise than through the operation of the sinking fund may be credited against the sinking fund requirement.

Under loan agreements with certain insurance companies, approximately $200,000,000 of the consolidated retained earnings at December 31, 1974 is not restricted as to payment of cash dividends. The agreements impose no restrictions on payment of stock dividends.

Preferred Stock Holders of the Series A $2 Cumulative Convertible Preferred Stock are entitled to receive $2 per share annual cash dividends, to one vote per share and, upon any voluntary liquidation, dissolution or winding up, to receive $50 per share plus accrued unpaid dividends. Each share of the Preferred Stock is convertible by the holder into Common Stock on a share for share basis adjusted for stock dividends in excess of 3% in any one year or for recapitalization. The Preferred Stock may be called for redemption at $55 per share plus accrued unpaid dividends.

Stock options 1,182,600 shares of Dart Common Stock are reserved for purchase by officers and employees under stockholder approved stock option plans. Options for 1,241,600 shares were exercised prior to 1973.

During 1973 options for 112,300 shares were granted at prevailing market prices ranging from $24.09 to $33.50 per share and aggregating $3,725,000. No options were granted during 1974. A summary of changes in options outstanding follows:

	1974	1973
Options which became exercisable:	**273,100**	225,300
Option prices		
Per share range	**$24.09/$53.37**	$13.21/$53.37
Total	**$8,978,000**	$7,920,000
Fair value at date exercisable		
Per share range	**$11.50/$21.25**	$14.45/$42.66
Total	**$5,075,000**	$7,711,000
Options exercised:		107,600
Option prices		
Per share range		$13.19/$37.83
Total		$2,834,000
Fair value at date exercised		
Per share range		$25.91/$48.06
Total		$3,713,000
Options canceled:	**77,600**	195,000
Per share range	**$26.99/$49.07**	$26.99/$49.07
Total	**$2,872,000**	$6,771,000

At December 31, 1974 there were 918,600 shares under option at prices ranging from $24.09 to $53.37 per share totaling $33,435,000. There were 264,000 shares available for granting at December 31, 1974 and 179,800 shares at December 31, 1973.

Option shares and prices have been adjusted to reflect applicable stock dividends paid subsequent to dates of grant.

Retirement plans Dart and certain of its United States subsidiaries continued the contributory profit sharing retirement plan, the principal retirement plan, established in 1955 covering salaried employees with one or more years of employment with Dart. The aggregate Dart contribution in any year is based upon consolidated earnings before federal income taxes as defined, is limited to six percent of such earnings and cannot exceed the amount deductible for federal income tax purposes. The computations include net earnings of certain divisions whose employees do not participate in the Dart plan, but who participate in previously existing retirement plans which have been continued in effect. The contribution to be made under the Dart profit sharing plan amounted to $7,993,000 for 1974 and was $4,768,000 for 1973.

Dart and its subsidiaries have several pension plans covering substantially all of their employees not covered by Dart's profit sharing retirement plan, including certain employees in foreign countries. The total pension expense was $5,412,000 for 1974 and $4,378,000 for 1973 which includes, as applicable, amortization of prior service cost principally over a period of 30 years. Dart's policy is, generally, to contribute the pension cost accrued. The actuarially computed value of vested benefits for all plans exceeded, as of December 31, 1974, the total of the pension funds and accruals by about $14,600,000. The total estimated unfunded prior service

Notes to Financial Statements (continued)

cost relative to all pension plans in effect was approximately $35,500,000 at December 31, 1974.

Dart estimates that with enactment of the Pension Reform Act of 1974, annual pension expense will increase approximately $275,000 in years after 1975 and unfunded prior service costs will increase approximately $2,500,000 by 1976.

Commitments and contingencies Dart leases real estate, transportation equipment and other machinery and equipment under short and long term, cancelable and noncancelable lease agreements which generally provide for fixed monthly payments over the terms of the leases. Many leases require additional payments for property taxes, insurance and maintenance. Some of the leases entered into prior to 1965 contain purchase options. Information concerning certain capitalized leases is contained in a preceding Note.

Rental expense, reduced by sublease income of $2,371,000 in 1974 and $2,412,000 in 1973, totaled $27,372,000 for 1974 and $23,364,000 for 1973 and included $15,363,000 and $13,084,000, respectively, relating to noncancelable leases considered to be noncapitalized financing leases (as defined by the Securities and Exchange Commission).

Minimum rental commitments under noncancelable leases in effect at December 31, 1974, net of sublease rentals receivable of $7,936,000, are payable as follows:

MINIMUM RENTAL COMMITMENTS

	REAL ESTATE	TRANSPORTATION EQUIPMENT	OTHER MACHINERY AND EQUIPMENT
Payable in—			
1975	$ 4,608,000	$12,296,000	$ 869,000
1976	3,839,000	7,176,000	495,000
1977	3,094,000	3,282,000	189,000
1978	2,810,000	2,014,000	110,000
1979	2,546,000	1,047,000	60,000
1980-1984	8,374,000	1,004,000	52,000
1985-1989	2,753,000	16,000	
1990-1994	614,000		
after 1994	1,863,000		
	$30,501,000	$26,835,000	$1,775,000

Amounts applicable to financing leases included in the above table are as follows: 1975-$13,323,000; 1976-$8,064,000; 1977-$4,075,000; 1978-$2,796,000; 1979-$1,846,000; 1980 to 1984-$4,984,000; 1985 to 1989-$1,253,000; 1990 to 1994-$263,000; after 1994-$1,242,000.

The present values of the minimum rental commitments under financing leases and the impact on net earnings of the assumed capitalization of such leases is not material.

Dart is a defendant in certain civil class action suits, in which substantial damages are claimed, involving its resort development projects and two other land projects in which Dart has a minority interest. In addition, certain lawsuits have been filed against Dart relative to its other operations. In the opinion of management and legal counsel, the ultimate disposition of these actions will not have a materially adverse effect on Dart's financial position or results of operations.

Capital expenditures It is estimated that capital expenditures for 1975 will be about $110,000,000.

Incentive compensation Under the formula incorporated in Dart's 1962 stockholder approved Incentive Compensation Plan for principal officers and key employees, the Incentive Compensation Committee and the Executive Committee of the Board of Directors awarded to 81 principal officers and key employees $1,401,000 ($1,006,000 for 1973) of the total of $6,870,000 available for 1974. No outside director participates in this plan.

Pursuant to stockholder authority granted in 1962, various other approved plans are in effect for divisions and subsidiaries of Dart and certain special awards have been authorized for employees not participating in any plan. No principal officer or director participates in these plans or special awards. The above named committees awarded $6,252,000 ($4,570,000 for 1973) to 628 persons in these categories. The total amount available under the plans and inclusive of special awards was $11,490,000.

Amounts available but not awarded under all plans are not available for future awards.

Earnings per share of Common Stock Primary earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period increased by the effect of dilutive stock options. Such increased average shares were 21,020,100 for 1974 and 20,966,400 for 1973. Net earnings attributable to Common Stock are after deducting Preferred dividend requirements.

Fully diluted earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period, assumption of conversion of Series A $2 Cumulative Convertible Preferred Stock and assumption of exercise of all dilutive stock options. Such increased average shares were 23,976,400 for 1974 and 24,008,300 for 1973.

All per share amounts give retroactive effect to stock dividends paid.

Supplementary earnings statement information Charges to costs and expenses for the years ended December 31 include the following:

	1974	1973
Maintenance and repairs	**$31,009,000**	$26,397,000
Taxes, except income taxes:		
Payroll	**20,751,000**	16,440,000
Property, business and other	**10,461,000**	10,205,000
Advertising	**9,438,000**	8,153,000
Research and development	**6,623,000**	5,765,000

Report of Independent Accountants

Price
Waterhouse & Co.

606 South Olive Street
Los Angeles 90014

March 3, 1975

To the Board of Directors and
Stockholders of Dart Industries Inc.

In our opinion, the accompanying consolidated financial statements on pages 18 to 28 present fairly the financial position of Dart Industries Inc. and consolidated subsidiaries at December 31, 1974 and 1973, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Five Year Summary of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the five years ended December 31, 1974 Dart Industries' net sales and earnings before extraordinary items experienced an unbroken pattern of continued growth. Certain trends during the recent past are discussed below and additional data are included in the Lines of Business table on page 1. The Operations Review, pages 7-16, provides further commentary on 1974 operations.

1974 vs. 1973 Net sales in 1974 increased 22% over the 1973 level. While increases in physical volume were the primary contributor to increased sales, higher selling prices, especially in chemical operations, provided a measurable portion of the increases. International operations experienced a 38% sales gain and accounted for 24% of total 1974 sales.

The relationship of cost of goods sold and operating expenses to net sales improved slightly in 1974. This improvement is attributable to increased operating efficiencies and to increases in selling prices.

Depreciation and amortization has increased in each year as a result of additions to properties.

Earnings before taxes benefited from the increase in sales volume but were affected by the loss on sale of the Silver Lakes resort project ($21.4 million) and by losses on marketable securities ($16.1 million).

Provision for income taxes was recorded at a rate higher than 1973 primarily due to the losses on marketable securities resulting in tax benefit at the lower capital gains rate and lower investment tax credits.

1973 vs. 1972 Net sales in 1973 increased 11% over the 1972 level. Approximately half of the increase was in international operations, which accounted for 21% of total sales in 1973. Direct selling and chemicals and plastics operations showed particularly strong sales gains, mainly due to increases in physical volume.

The relationship of cost of goods sold and operating expenses to net sales deteriorated slightly in 1973, primarily because of price controls imposed by the federal government which affected Dart's ability to recover increases in the cost of materials and labor.

Interest expense increased as a result of the debentures issued in 1972 being outstanding for the full year 1973 and due to higher short term interest rates on foreign borrowings.

Earnings before taxes improved both from operations and because of higher dividend and interest earnings from Dart's investment portfolio.

Income taxes increased as a result of higher earnings with little change in the tax rate.

Extraordinary items in 1972 consisted of a gain ($10.1 million) on the sale of 3M Company common stock held by Dart, reduced by provision for discontinuance, liquidation, disposition and consolidation of certain operations ($9 million).

(Dollar amounts in thousands except per share data)

For the Year
Net sales
Cost of goods sold and operating expenses
Depreciation and amortization
Interest expense
Earnings before taxes and extraordinary items
Provision for income taxes
Earnings before extraordinary items
Extraordinary items, net of applicable income taxes
Net earnings
Earnings per share of Common Stock
  Primary
    Before extraordinary items
    Net earnings
  Fully diluted
    Before extraordinary items
    Net earnings
Cash dividends per share of Common Stock
Cash dividends paid
  Common Stock
  Preferred Stock
Common Stock dividends
Net earnings applicable to Common Stock
  after Preferred dividend requirements
Properties and other assets purchased

Financial Position at Yearend
Current assets
Current liabilities
Working capital
Properties owned (net)
Total assets
Long term debt
Deferred income taxes
Stockholders' equity
Shares of stock outstanding
  Common
  Preferred
Stockholders
  Common
  Preferred
Employees

The shares of Common Stock outstanding, cash dividends per share and earnings per share for 1973 and prior years have been adjusted retroactively to give effect to subsequent stock dividends.

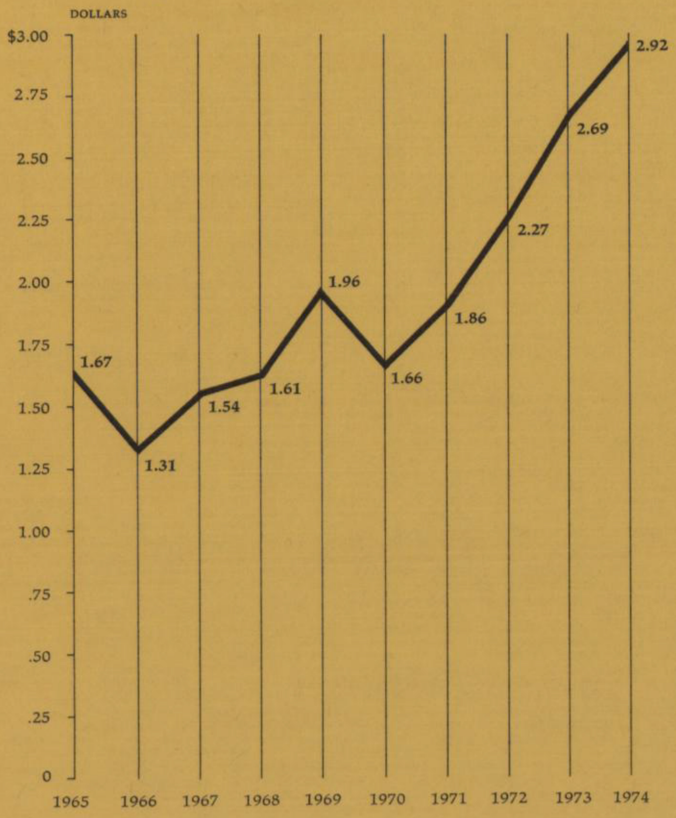
1974	1973	1972	1971	1970
$ 1,214,097	$ 993,322	$ 892,380	$ 815,968	$ 706,263
721,111	602,945	529,714	482,823	416,613
44,033	38,703	34,346	31,471	27,740
13,797	13,915	12,222	10,089	9,631
138,590	119,890	104,315	86,450	77,711
71,300	57,600	50,600	42,200	38,233
67,290	62,290	53,715	44,250	39,478
		1,143		52,445
67,290	62,290	54,858	44,250	91,923
2.92	2.69	2.27	1.86	1.66
2.92	2.69	2.33	1.86	4.24
2.81	2.59	2.21	1.83	1.64
2.81	2.59	2.26	1.83	3.87
.45	.32	.28	.27	.26
9,334	6,538	5,783	5,536	5,273
5,913	5,913	5,916	5,919	5,920
3%	3%	3%	3%	3%
61,377	56,377	48,942	38,331	86,003
74,534	68,815	69,543	53,080	58,271

$ 555,638	$ 416,926	$ 438,877	$ 367,826	$ 314,797
219,634	174,874	156,834	125,371	166,243
336,004	242,052	282,043	242,455	148,554
353,444	325,162	300,760	273,375	258,756
1,113,565	1,035,337	978,208	826,342	737,895
193,166	197,878	204,925	135,755	75,307
51,900	54,400	51,500	47,400	41,600
618,061	564,830	511,949	463,619	428,251
21,031,300	20,947,900	20,834,500	20,504,000	20,255,900
2,956,300	2,956,400	2,957,100	2,959,700	2,959,800
32,088	32,110	32,591	34,208	35,507
6,028	5,476	5,396	5,856	6,030
29,566	28,483	28,124	27,408	26,894

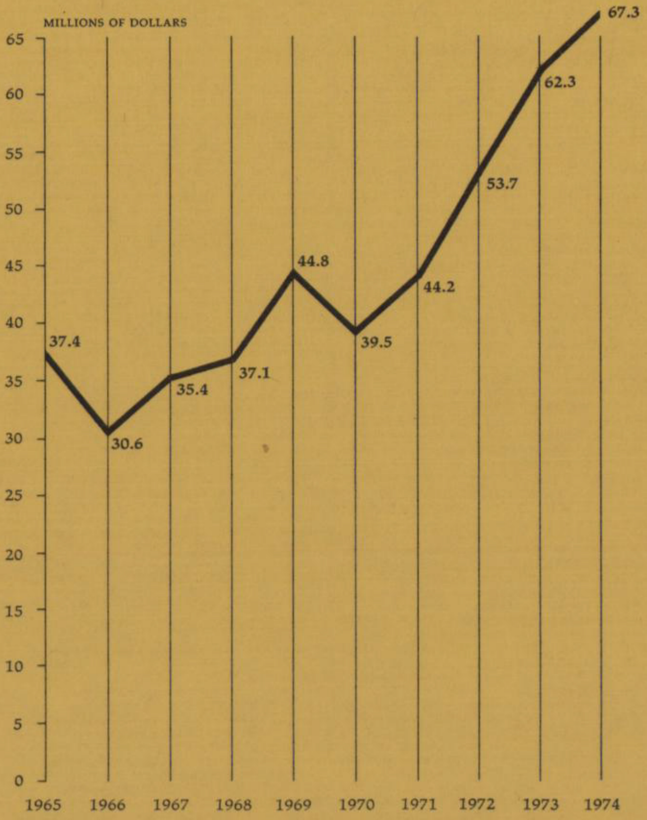
DART INDUSTRIES INC. AND CONSOLIDATED SUBSIDIARIES

Ten Years at a Glance

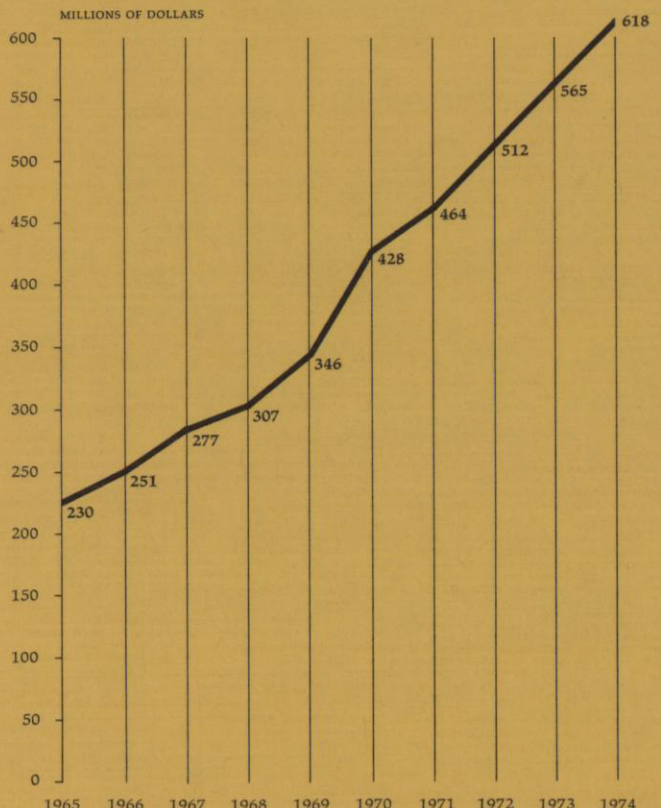
Earnings Per Share(1) (2)



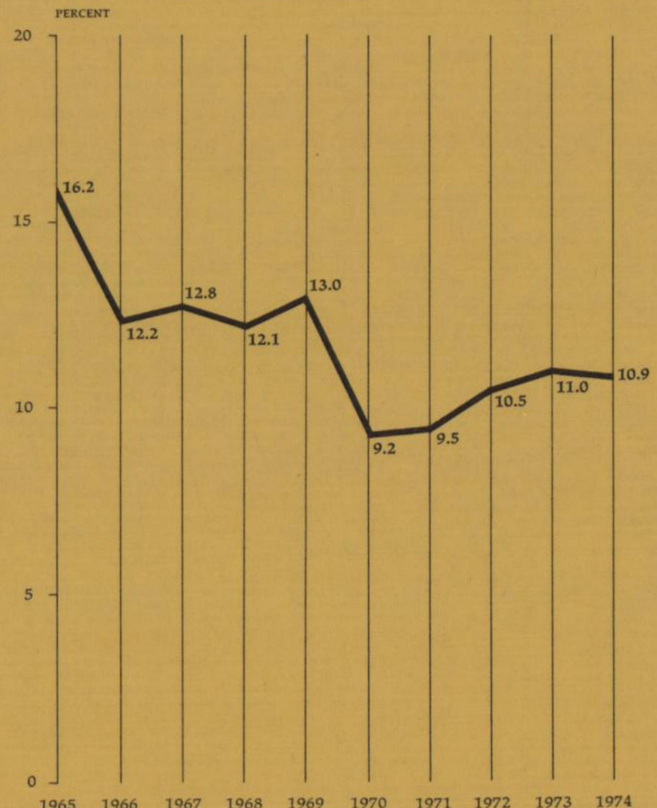
Net Earnings(2)



Stockholders' Equity

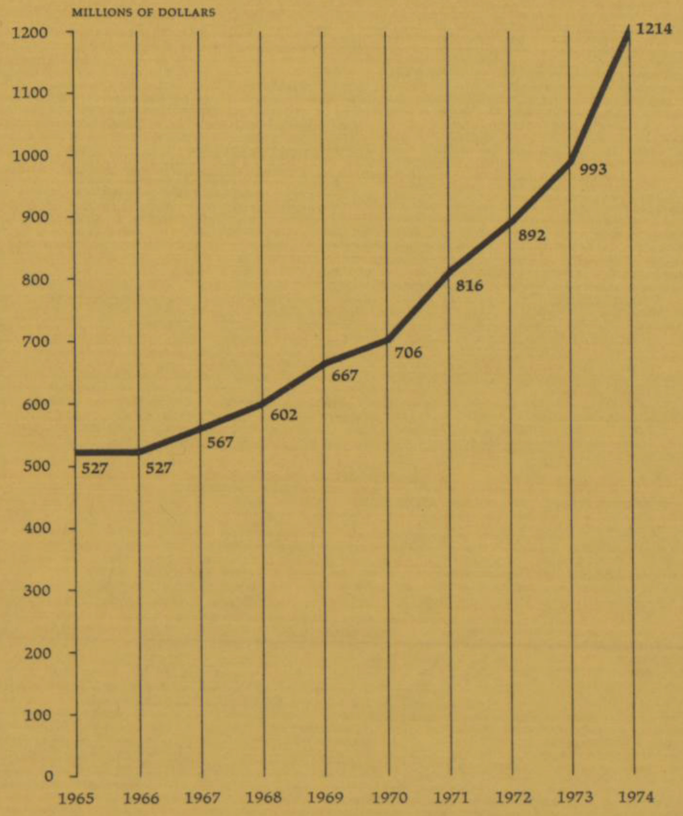


After Tax Return on Stockholders' Equity(2)

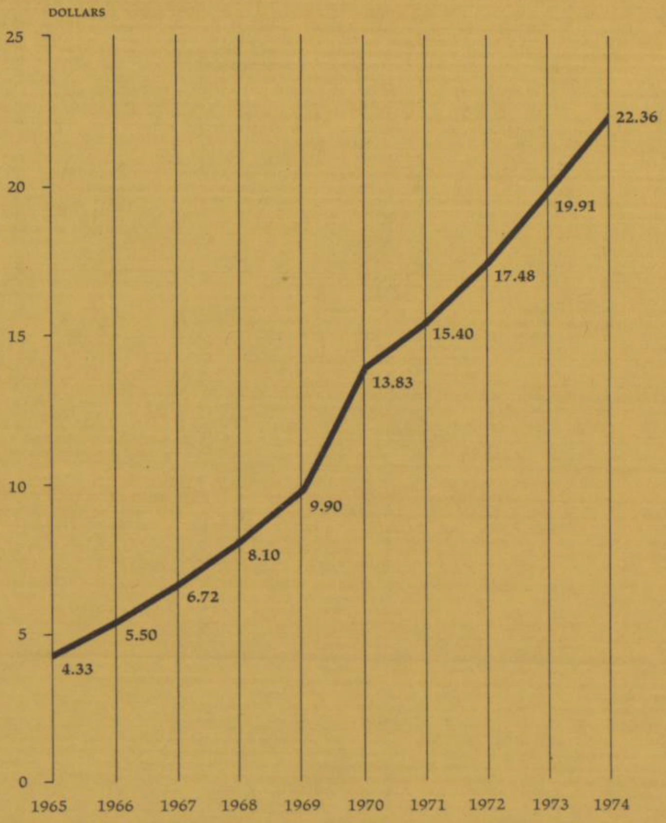


1. Years prior to 1974 restated for 3% stock dividend issued May 28, 1974.
2. Does not include extraordinary gains.

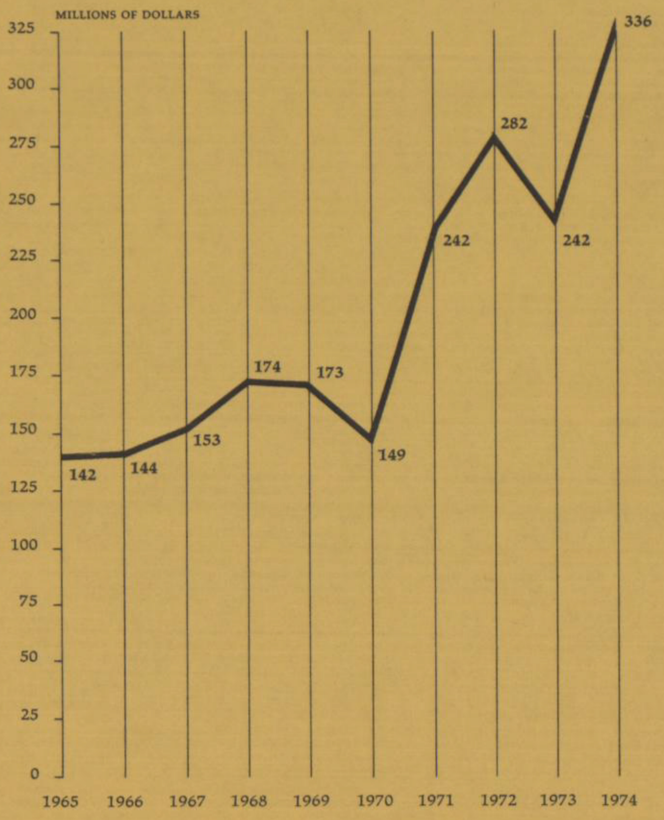
Net Sales



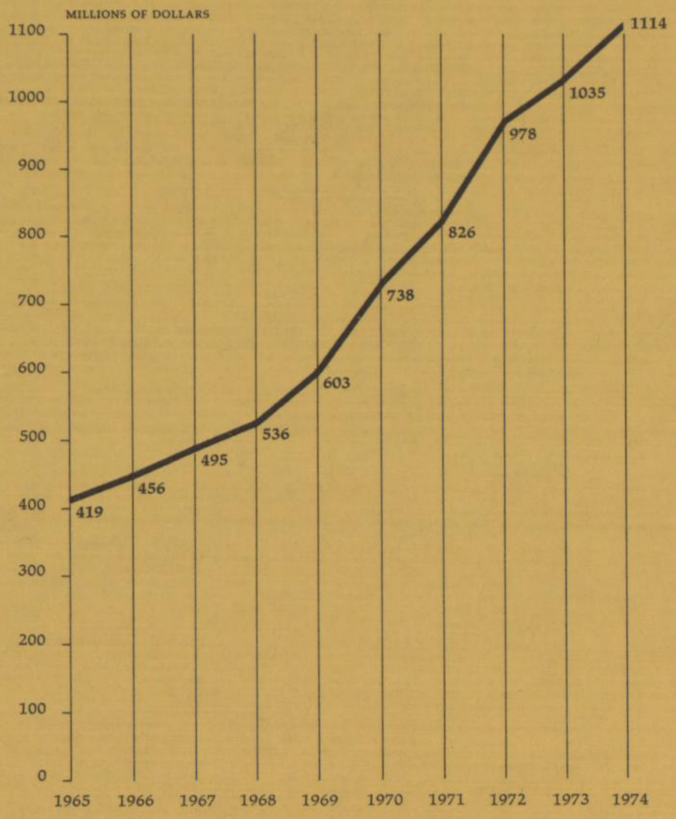
Book Value Per Common Share[1]



Working Capital at Yearend



Total Assets



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*OUTSIDE DIRECTORS

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Edgar Thedens, SECRETARY

Honorary Chairman

Ernest R. Breech

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Donald H. Brewer
Gary A. Childress
William T. Gossett
Alfred M. Gruenther
Holmes Tuttle
Dale Reis, SECRETARY

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William T. Gossett
Alfred M. Gruenther
Holmes Tuttle

Stock Option and Incentive Compensation Committee

Holmes Tuttle, CHAIRMAN
Justin Dart
William T. Gossett
Alfred M. Gruenther

Executive Personnel Committee

Alfred M. Gruenther, CHAIRMAN
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Holmes Tuttle

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Donald H. Brewer
Ralph M. Knight
Franklin B. Pollock
Ralph Wilson, Jr.
R. D. Ziegler
George Maison, SECRETARY

Retirement Plans Committee

Russell K. Bolton, CHAIRMAN
Robert T. Beattie
Donald H. Brewer
Ralph M. Knight
R. D. Ziegler
Wendell Fish, SECRETARY

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Morgan Guaranty Trust Company of New York,
NEW YORK, N. Y.

State Street Bank and Trust Company,
BOSTON, MASS.

Bank of America National Trust and Savings Association,
LOS ANGELES, CALIF.

Registrars

The Chase Manhattan Bank,
NEW YORK, N. Y.

The National Shawmut Bank of Boston,
BOSTON, MASS.

United California Bank,
LOS ANGELES, CALIF.

Independent Accountants

Price Waterhouse & Co.

Dart Industries Inc. Companies and Products

Direct Selling Group
HEADQUARTERS–ORLANDO, FLORIDA

Tupperware Division—FOOD PREPARATION, STORAGE AND SERVING CONTAINERS; TOYS

Vanda Beauty Counselor Division—COSMETICS AND TOILETRIES

Consumer Products Group
HEADQUARTERS–WEST BEND, WISCONSIN

Babcock-Phillips—HASSOCKS, CUSHIONS, PILLOWS, FURNITURE

Coppercraft Guild-Coppercraft Guild Canada—COPPER GIFTWARE, JEWELRY AND DECORATIVE ITEMS

Nappe-Smith Company—INSULATED BAGS AND THERMAL CONTAINERS

Syroco-Syroco Canada—HOME DECORATIVE ACCESSORIES, CASUAL FURNITURE

Thermo-Serv—INSULATED AND NON-INSULATED SERVING WARE

The West Bend Company-West Bend of Canada—COOKWARE, ELECTRIC HOUSEWARES, HUMIDIFIERS

Rexall Group
HEADQUARTERS–LOS ANGELES, CALIFORNIA

Rexall Drug Company—MANUFACTURING AND FRANCHISING OF PHARMACEUTICALS, VITAMINS, TOILETRIES (UNITED STATES, CANADA, SOUTH AFRICA)

Resort Development Group
HEADQUARTERS–LOS ANGELES, CALIFORNIA

Dart Resorts—DEVELOPMENT AND MARKETING OF RECREATIONAL RESORTS

Dart Industries Mortgage Company—MORTGAGE FINANCING

Corporate Staff
HEADQUARTERS–LOS ANGELES, CALIFORNIA
CORPORATE STAFF SERVICES

Chemical Group
HEADQUARTERS–LOS ANGELES, CALIFORNIA

PLASTIC RAW MATERIALS SECTOR

Rexene Polymers Company—POLYETHYLENE, POLYPROPYLENE AND OLEFINS (JOINT VENTURE WITH EL PASO PRODUCTS COMPANY, OLEFINS BY EL PASO)

Styrenics—POLYSTYRENE, ABS, ORIENTED POLYSTYRENE SHEETING

CT Film—PACKAGING FILM (JOINTLY OWNED WITH EL PASO PRODUCTS COMPANY)

Southwest Latex Company—STYRENE-BUTADIENE LATICES

CHEMICAL SPECIALTIES SECTOR

Electrochemicals—CHEMICALS FOR ELECTROPLATING

Synthetic Products—METALLIC STEARATES, VINYL STABILIZERS

Catalysts:

Aztec Chemicals—ORGANIC PEROXIDES AND PERESTERS

PureChem—TITANIUM TRICHLORIDE

Plastic Specialties:

Fiberfil—FIBERGLASS-REINFORCED THERMOPLASTICS, THERMOPLASTIC THERMOSETS

Wilson Products—COLOR CONCENTRATES AND DISPERSIONS

ENVIRONMENT AND SERVICES SECTOR

Capital Controls—CHLORINATORS AND CONTROL SYSTEMS FOR WATER PURIFICATION AND WASTE TREATMENT

Heil Process Equipment—POLLUTION CONTROL AND CHEMICAL PROCESSING EQUIPMENT

Fluid-Ionic Systems—WET ELECTROSTATIC PRECIPITATORS FOR INDUSTRIAL AIR POLLUTION CONTROL

Lancy Laboratories—WASTE TREATMENT ENGINEERING AND SERVICES

DEVELOPMENT AND ENGINEERING SECTOR
RESEARCH AND DEVELOPMENT, LICENSING, FACILITIES CONSTRUCTION

Plastics Group
HEADQUARTERS–LOS ANGELES, CALIFORNIA

RALPH WILSON PLASTICS

Plastic Clad—COUNTER TOPS FOR RESIDENTIAL AND COMMERCIAL APPLICATION

Wilson Art—DECORATIVE LAMINATES, LAMINATED ART

Woodtape—WOOD AND WOODGRAINED EDGINGS

PACKAGING

Thompson Industries, Rexcel, Canada Cup, Insulpak, Ltd., Camira, N. V.—PLASTIC CUPS, FOOD CONTAINERS AND DINNERWARE

Thatcher Plastic Packaging—TUBES, CLOSURES, SEALS

Imco Companies (Belgium, Holland, England, Spain, Australia)—PLASTIC BOTTLES

PLASTIC SPECIALTIES

Action Plastics—EXTRUDED SPECIALTIES

Action Plastics and Rubber Company (Belgium)—EXTRUDED SPECIALTIES AND AEROSOL GASKETS

American Gasket and Rubber—AEROSOL GASKETS, RUBBER PRODUCTS

Colorite Plastics—GARDEN HOSE, COMPOUNDING

Epcon—CUSTOM SIGNS AND LEASING, SIGN FACINGS AND COMPONENTS

Seamless Hospital—MEDICAL AND SURGICAL PRODUCTS

Seamco—SPORTING GOODS AND RECREATIONAL PRODUCTS

Weden Tool and Engineering—TOOL AND DIE MANUFACTURING

Direct Advertising Services—COMPUTERIZED DIRECT MARKETING

Glass Containers Group
HEADQUARTERS–WHITE PLAINS, N. Y.

Thatcher Glass—CONVENIENCE PACKAGING

Note: Product names printed in SMALL CAPS or *italics* on all pages indicate trademarks.

Additional copies of this Annual Report will be furnished upon request free of charge. Copies of the Company's Form 10-K, without exhibits, will be furnished upon request free of charge and copies of the exhibits to Form 10-K will be furnished upon request at a charge of $2.00.

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